

**Division of Disability and Rehabilitative Services HEA-1488 Status Update**  
**Vocational Rehabilitation Services**  
**12/31/2019**

Under House Enrolled Act 1488, the Division of Disability and Rehabilitative Services (DDRS) must determine the following concerning Vocational Rehabilitation (VR) services to eligible individuals:

1. *The cost of vocational rehabilitation services provided in state fiscal year 2018 and state fiscal year 2019.*
2. *An estimate of the number of eligible individuals for rehabilitation services for whom the division can provide the services and the number of eligible individuals to be deferred between state fiscal year 2020 and state fiscal year 2025.*
3. *The projected staffing and fiscal resources needed to provide services to eligible individuals.*
4. *The current service provider capacity.*
5. *The projected service provider capacity needed to serve additional priority categories of individuals.*
6. *The adequacy of current reimbursement rates.*

A summary of VRs determination is provided below:

**(1) The cost of vocational rehabilitation services provided in state fiscal year 2018 and state fiscal year 2019.**

A shift in the Vocational Rehabilitation (VR) budget was necessary to comply with the Workforce Innovation and Opportunity Act (WIOA) requirement to earmark 15% of federal funds for Pre-Employment Transition Services (Pre-ETS). The 15% earmark requirement and subsequent reduction in budget for VR client services, resulted in less client service expenditures in SFY 2019 compared to SFY 2018. The reduction in spend in client services is also a result of less individuals receiving services under an Individualized Plan for Employment (IPE) as occurs under an order of selection. Total participant service spend was \$41.7M in SFY 2018, and \$34M in SFY 2019. Reduced spending in client services was directed to Pre-ETS to work toward meeting the 15% requirement.

**(2) An estimate of the number of eligible individuals for rehabilitation services for whom the division can provide the services and the number of eligible individuals to be deferred between state fiscal year 2020 and state fiscal year 2025.**

Annual Estimates <sup>1</sup>	
Eligible individuals anticipated to be served under IPE each year	Eligible individuals anticipated to be deferred for services each year
14,000	1,000

<sup>1</sup> Figures are projections as of December 2019. Updated projections, if applicable, will be outlined in the VR section of the WIOA state plan in spring, 2020.

VR served 14,139 individuals under an IPE in SFY19. Additionally, 954 eligible individuals were deferred for services during this period. Through Pre-ETS, VR served approximately 6,000 additional individuals (students with disabilities). Based on current resources, VR anticipates serving approximately 14,000 individuals under IPE annually over the next five years. Additionally, VR anticipates that approximately 1,000 individuals will be deferred for VR services annually over the next five years. The number of students served through Pre-ETS is expected to grow each year.

VR will further review fiscal resources and staff capacity through completion of the upcoming VR state plan to assess the ability to serve any individuals in deferred services status. As individuals exit the VR system after receiving services, it may be possible for VR to begin serving some individuals in deferred services status, in order of priority and application date, using current resources.

### **(3) The projected staffing and fiscal resources needed to provide services to eligible individuals.**

In assessing the availability of sufficient staff capacity and fiscal resources, there are many factors that must be considered.

#### **1. Fiscal Resources**

- 15% of federal funds must be earmarked for Pre-ETS and cannot be used for any other purpose.
- The average cost for VR to serve an individual is trending up as outlined in the 2019 VR Comprehensive Statewide Needs Assessment (CSNA).
- Any additional staff positions will result in added expense.
- The need for expanded or altered office space to accommodate any added staffing which also has a budget impact.

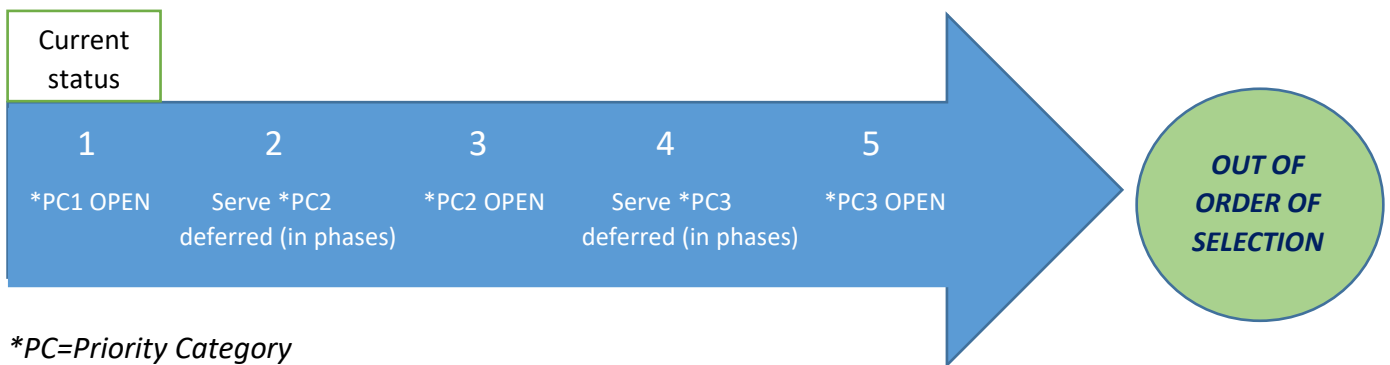
#### **2. Staff Capacity**

- Staff retention is improving, however recruitment of qualified candidates has been a significant challenge.
- VR Counselor wages were increased in October, 2019 and BRS will evaluate impact on staff retention and recruitment in SFY20 and SFY21.
- The learning curve for newly hired VR Counselors continues to be steep as applicants tend to have less experience and/or education, a factor likely resulting from high competition for qualified candidates as well as VR's decision to reduce the minimum qualifications from a master's degree to a bachelor's degree a few years ago.
- Ability to sustain compliance with meeting federal timeliness standards (e.g. determining eligibility within 60 days; IPE developed within 90 days) and avoiding delays in processing referrals.
- Capacity of employment service providers to provide timely and quality services.

### 3. Length of time to serve eligible individuals assigned to a closed disability priority category

While fiscal resources and staff capacity are two critical factors to evaluate in order to determine capacity to provide the full range of VR services to all eligible individuals, a third equally critical factor must be considered. The third factor is the amount of time necessary to serve the eligible individuals in deferred services status. As of the end of FFY19, 2,637 VR eligible individuals were in deferred services status (i.e. assigned to closed disability priority categories). While two priority categories remain closed, the total number of eligible individuals deferred for VR services will continue to grow.

The graphic below outlines the sequential steps that must be followed in serving individuals in deferred status, in order of priority and application date as outlined in the VR section of the WIOA state plan as approved by the U.S. Department of Education, Office of Special Education and Rehabilitative Services (OSERS), Rehabilitation Services Administration (RSA). An order of selection must be implemented on a statewide basis, in accordance with the Rehabilitation Act.



#### Step 1:

Step 1 as indicated above is the current status, with all eligible individuals assigned to priority category 1 receiving VR services with no waiting period. Most eligible individuals, approximately 80%, are assigned to priority category 1.

#### Step 2:

When VR determines that sufficient resources are available, step 2 is to begin serving eligible individuals deferred for services who are assigned to priority category 2. These individuals must be served in order of application date and would be released from deferred status in several phases. It is important to understand that disability priority category 2 remains 'closed' until all eligible individuals deferred for services in service priority category 2 are served. This means that during step 2, newly eligible individuals assigned to priority category 2 would continue to experience a waiting period before services could begin.

#### Step 3:

After all eligible individuals in priority category 2 who have been deferred for services have the opportunity to develop an IPE to initiate services, VR will determine whether fiscal and staffing resources are adequate to progress to step 3, which is opening priority category 2. Once a priority category is open, there is no waiting period for services for individuals assigned to that category.

Step 4:

The process outlined in Step 2 is repeated for individuals in deferred status in priority category 3.

Step 5:

The process outlined in Step 3 regarding priority category 3. Once all disability service priority categories are open, VR moves out of order of selection.

Given the sequential steps required to move out of an order of selection. VR has focused its assessment of capacity and resource needs on movement to step 2 as outlined in the process above. As mentioned, VR projects releasing individuals in priority category 2 from deferred status in numerous phases. In determining capacity to progress to step 2, VR has begun to review the service area location of individuals deferred in priority category 2 to assess staff capacity at each individual field office. VR is hopeful that this process can begin during 2020, dependent on staffing and fiscal resources.

#### **(4) The current service provider capacity.**

VR service providers are diverse in the nature and scope of services offered, which is necessary for VR to provide the broad range of allowable services as outlined in the <sup>2</sup>Rehabilitation Act, as amended by WIOA. While not a complete list, VR service providers include medical facilities and professionals, postsecondary training institutions and other training programs, employment service providers, interpreters, rehabilitation engineers, vehicle modification providers, home modification evaluators, small business consultants, orientation and mobility professionals, transportation providers, and others.

VR entered into contracts with more than 40 employment service providers in 2017 to build provider capacity through implementation of 'Establishment projects.' Funding through these contracts supports added or enhanced staffing, as well as increased focus on training for employment service staff. Outcomes from the first two years of the Establishment projects are included in the recently completed VR Comprehensive Statewide Needs Assessment (CSNA), and highlights include an increase in delivery of supported employment services, an improvement in 90-day employment retention of VR participants, improvements in hourly wages of VR participants, and an increase in training hours completed by employment service staff. Establishment projects continue through March, 2021.

VR has identified a need to evaluate community mental health center (CMHC) capacity to provide employment services to VR participants, to adequately meet the needs of individuals with mental health disabilities. Several CMHCs have either discontinued employment services with VR, or implemented limitations on acceptance of new referrals from VR. Increasing capacity of CMHCs to provide employment services to VR participants has been identified as a significant area of need and a current challenge. A taskforce was convened in August, 2019 to evaluate CMHC capacity challenges and identify strategies to build capacity and improve employment services and outcomes to VR

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<sup>2</sup> 34 CFR 361.48(b)

participants with mental health disabilities. The taskforce will continue to meet throughout 2020. Additionally, VR and the Indiana Division of Mental Health and Addictions (DMHA) partnered to submit, and were subsequently awarded, technical assistance hours from the Department of Labor (DOL), Office of Disability and Employment Policy (ODEP) focused on improving competitive, integrated employment for individuals with mental health disabilities. The ODEP Technical assistance will kick off in January, 2020.

**(5) The projected service provider capacity needed to serve additional priority categories of individuals.**

The recently completed VR Comprehensive Statewide Needs Assessment reviewed VR client service costs by service category, comparing costs from FFY16 through FFY18. While overall spend for VR client services decreased from 2017 to 2018, expenditures for three categories increased, including a 5% increase in spend on assessment services, and a 4% increase in spend on employment services as well as reader, interpreter and personal assistance services. The primary areas with a decreased spend included training and school expenses, restoration and prosthetic or orthotic appliances, living expenses (including postsecondary room and board expenses), and rehabilitation technology. This service expenditure analysis may provide insightful information to the types of services individuals deferred for services may be seeking. VR projects that individuals deferred are more likely to be seeking services such as postsecondary training, equipment, or devices such as hearing aids; and less likely to be seeking services such as assessment, employment services, and complex rehabilitation technology such as home modifications. It may be important to conduct outreach to recruit medical providers, rehabilitation engineers, and training entities when VR prepares to begin releasing eligible individuals deferred for services in priority category 2.

VR conducted a survey in December, 2019 to obtain information about the potential need for increased providers of employment services in VR geographic service areas. The survey was sent to VR employment service providers and 92 responses were received. Survey responses will help to inform VR of the need to enroll additional providers who meet accreditation requirements for the provision of employment services to VR participants. While survey responses are still being compiled and analyzed, a few findings of note may be relevant to the assessment of the capacity of VR vendors who provide employment services.

- 91.31% of respondents indicated that ideal caseload sizes for employment consultants was 20 cases or less, while 83.7% indicated that current actual caseload sizes are 20 cases or less.
- 21.74% of respondents indicated an improvement in staff retention from the prior year, while 28.26% indicated that turnover was worse than in the prior year, and 50% indicated that the turnover rate was about the same as in the prior year.
- 76.09% of respondents indicated they were able to accept all referrals from VR currently, while 23.91% said they were unable to accept all referrals.
- 88.04% of respondents indicated they had capacity to receive an increase in referrals, while 11.96% indicated they did not.

VR will continue to review and analyze responses, including review by geographic area to see if the capacity of employment service providers differs across the state. VR will use this information to help inform the need to recruit additional employment service providers.

#### **(6) The adequacy of current reimbursement rates.**

The process for determining VR rates differs by type of service. For example, many VR services are reimbursed at a rate that aligns with established Indiana Medicaid rates including most physical and mental restoration services (e.g. medical evaluations, prosthetic or orthotic devices, mobility devices such as wheelchairs). Some services, such as hearing aids and interpreting services, are paid at a rate established through an open procurement process that follows Indiana Department of Administration (IDOA) procurement policy, and are re-evaluated at the time of contract amendment or execution of a new contract following a new bidding process. For instance, the rate for computer aided real time (CART or captioning services) was recently increased to better align with the market rate for this service. For equipment and other goods purchased by VR, as well as home modification services, multiple quotes are obtained and VR provides funding equal to the least cost quote. Hourly fee-for-service rates for employment services are outlined in provider agreements, and these rates were reviewed and increased in 2015 with the roll-out of a modified employment services process. The VR hourly rate for employment services is \$42 per hour, which is 14% higher than a comparable service through the home and community based services waiver (supported employment services at a rate of 36.96 per hour). An additional VR rate increase for employment services occurred in 2016, with an increase in one of three milestone payment rates (33% increase in one milestone and overall 12% increase across all milestones). Subsequently, VR simplified the rate structure and documentation requirements for services, including supported employment and work experience services.

As mentioned above, VR continues to supplement funding to more than 40 employment service providers for staffing and training needs, through Establishment projects. Pre-ETS is also largely being carried out through VR employment service providers, and rates were established through a request for funding process in 2016, with additional adjustments made when contracts were amended in 2017.

Funding discussions are occurring with the taskforce working toward improved outcomes for individuals with mental health disabilities, and this will be an area where technical assistance will be sought through ODEP in 2020.